

FILE

DD/S 65-6003

13 December 1965

MEMORANDUM FOR THE RECORD

SUBJECT: Amendment to the Federal Employees Pay Act of 1945

1. An amendment to the Federal Employees Pay Act of 1945 was proposed for our legislative program in 1966. There was some question as to whether or not we should include this particular action in that it had a possibility of focusing attention on our policy of overtime payments, but it was agreed with Colonel White that this is a risk we have to take in order to correct the basic problem.

2. Action to amend the Federal Employees Pay Act of 1945 is approved.

[Redacted Signature]

R. E. Bannerman
Deputy Director
for Support

25X1

DD/S:RLB:maq

Distribution:

Orig - DD/S Subject w/background

1 - DD/S Chrono

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

TRANSMITTAL SLIP		DATE
TO:		
ROOM NO.	BUILDING	
REMARKS:		
<p>See bol. White 29 Nov. 65 <u>B</u></p>		
FROM:		
ROOM NO.	BUILDING	EXTENSION

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

STAT

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

DD/S 65-5661

SECRET

DD / S 65-5661
FILE *Legal*

26 NOV 1965

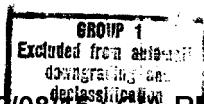
MEMORANDUM FOR: Legislative Counsel

SUBJECT : 1966 CIA Legislative Program

REFERENCE : Memo dtd 18 Nov 65 to Multiple Addressees
fr OGC/LC, same subject

1. This memorandum is in response to the reference.
2. The proposal to amend the Federal Employees Pay Act of 1945 so as to exempt the officers and employees of the Central Intelligence Agency from the Act is recommended for inclusion in the Agency Legislative Program for 1966.
3. Legislation which would permit a reemployed annuitant to accept an annuity and salary up to the amount of salary at the time of retirement was, as you are aware, removed from the CIA Retirement Act during Senate consideration. I believe that it would be practicable to include this provision again in the Agency's 1966 Legislative Program.
4. I propose also the following additional amendments to the CIA Retirement Act:
 - a. Inclusion of a provision which will permit the setting of retirement dates identical to those contained in the Civil Service Retirement Act.
 - b. Authority for the transfer of employer contributions as well as employee contributions from the Civil Service Retirement Fund (or other Federal retirement funds) to the CIA Retirement Fund; and authority for direct transfer of employee and employer contributions from the CIA Retirement Fund to the Civil Service Retirement Fund (or other Federal retirement funds).

SECRET



SECRET

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

5. The Agency now lacks a practical means of encouraging students in college to take courses designed to train them in certain scarce categories, such as photogrammetry, Chinese studies and certain scientific disciplines. Legislative authority is desired which will permit the Agency to reimburse for such training.

6. I believe the Agency should support legislative proposals to credit or otherwise reimburse for unused sick leave at time of retirement.

SIGNED

Alan M. Warfield
Acting Deputy Director
for Support

cc: Director of Personnel

SPA-DD/S:JHP:fms (26 Nov 65)

Distribution:

Orig & 1 - Adse

✓ 1 - DD/S Subject w/background & ref

1 - DD/S Chrono

SECRET

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

STAT

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

18 November 1965

MEMORANDUM FOR: Deputy to DCI for National Intelligence
Programs Evaluation
Deputy Director for Plans
Deputy Director for Intelligence
✓Deputy Director for Support
Deputy Director for Science and Technology
Inspector General
Director of Planning, Programming and Budgeting

SUBJECT: 1966 CIA Legislative Program

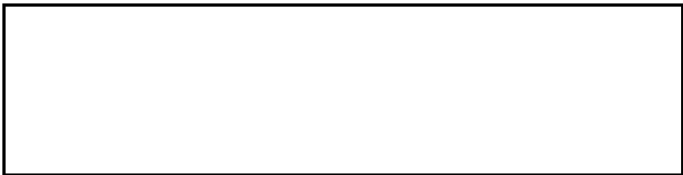
1. The President in a Memorandum for the Heads of Departments and Agencies dated 15 November 1965 requested personal consideration of legislative or other proposals which he should make to the second session of the 89th Congress. In that same memorandum he requested material which the President could include in his State of the Union Message. A suspense date of 3 December was set by the President.

2. While it is doubtful that we would have any material for inclusion in the State of the Union Message, we wish to determine if there are legislative needs of any Agency component. Rather than submission of written reports or legislative proposals from each component, I suggest that you or your designated representative contact the undersigned for discussion of any such proposals. Thereafter specific proposals, if any, will be prepared for coordination and final approval.

3. The President's memorandum stressed the importance of legislative proposals being transmitted as early as possible in the second session of the 89th Congress. We are planning to submit any proposals to the Bureau of the Budget by the 3 December deadline. Consequently, your suggestions or proposals should be made known by 26 November 1965 so that they may be fully coordinated in legislative form for final Agency approval.

STAT

Att.


Legislative Counsel

cc: Ex Dir/Compt.

XERO
COPYXERO
COPYXERO
COPY

65-6787
THE WHITE HOUSE
WASHINGTON

November 15, 1965

MEMORANDUM FOR

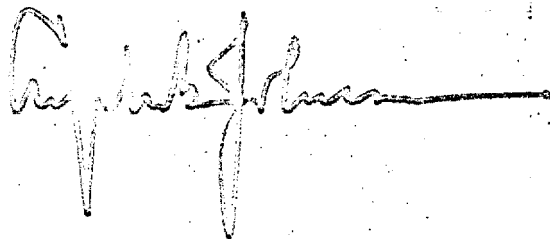
THE HEADS OF DEPARTMENTS AND AGENCIES

Many of you have already made legislative recommendations to the Executive Office under established procedures, or have participated in preliminary discussions of legislation with White House staff. These are now under careful study.

As I did last year, however, I am again asking each of you personally to consider the legislative or other proposals which I should make to the second session of the 89th Congress and to the Nation in my State of the Union Address.

I would like you to suggest specific draft material relating to your area of responsibility which might suitably be included in the State of the Union Message. The material should come to my Special Assistant, Joseph A. Califano, Jr. by December 3d. The Bureau of the Budget should receive brief descriptions of any legislative proposals in support of State of the Union material which you submit by the same date, if such proposals have not already been submitted through usual channels. It is particularly important that legislative proposals be transmitted to this second session of the 89th Congress early in the session. Draft legislation must be submitted for the usual review and coordination at a sufficiently early date to make this possible.

I am seeking your assistance in developing and perfecting imaginative programs which will maintain our security, continue our prosperity, and improve the quality of life for all. But next year -- more than ever before -- you must press forward in your search for new programs to increase governmental efficiency, to eliminate waste wherever it is found, and to modernize our Government.



19 November 1965

STAT

[redacted]

STAT

STAT

STAT

Mr. Bannerman requested that you, with assistance from [redacted] take responsibility for gathering and preparing for transmittal to Legislative Counsel any suggestions for legislation within the Support Directorate. He requests you, [redacted] get together in a skull session to think up possible legislative requirements which may not be apparent in the Support Offices. Such things as allowances and other personnel emoluments should be considered. A copy of Mr. [redacted] memorandum and the President's statement was forwarded on Friday afternoon to each of the Support Offices, asking that they telephone you no later than noon on 24 November. I think it would be a good idea for you to touch base with [redacted] as soon as you can.

STAT

VT.
VRT

STAT

cc:

[redacted]

A BILL

To amend the Central Intelligence Agency Act of 1949, as
amended, and for other purpose.

1 Be it enacted by the Senate and House of Representa-
2 tives of the United States of America in Congress assembled,
3 That this Act may be cited as the "Central Intelligence
4 Agency Act Amendments of 1966".

5 SEC. 2. The Central Intelligence Agency Act of 1949,
6 as amended (50 U.S.C. 403(a) et seq.), is further amended
7 as follows:

8 (1) Amend section 3 by deletion of subsections (a) and
9 (b) and substitute therefor:

10 "(a) In the performance of its functions, the Agency is
11 authorized to exercise the authorities contained in sections

(1) + (2)
PL 110
amended
7/17/66
clear up

1 2301; 2302 (2) and (3); 2303 (b) and (c); 2304 (a)
2 (1), (2), (3), (4), (5), (6), (10), (12), (15), and
3 (17); 2305; 2306; 2307; 2312; and 2383 of title 10,
4 United States Code.

5 “(b) In the exercise of the authorities granted in sub-
6 section (a) of this section, the term ‘Agency head’ shall
7 mean the Director and the Deputy Director.”

8 (2) Amend section 3 (d) by deletion of the wording
9 “section 2 (c) and section 5 (a) of the Armed Services Pro-
10 curement Act of 1947” from the first sentence and substitute
11 therefor, “section 2304 (a) and section 2307 of title 10,
12 United States Code.” Further amend section 3 (d) by
13 deletion of the wording “section 2 (c), by section 4 or by
14 section 5 (a) of the Armed Services Procurement Act of
15 1947” from the second sentence and substitute therefor,
16 “section 2304 (a), by section 2306 or by section 2307 of title
17 10, United States Code”.

18 (3) Amend section 4 by adding the following new
19 paragraphs (1) (G) and (1) (II), and (8), and further
20 amend section 4 by deletion of the words “Under such
21 regulations as the Director may prescribe, the Agency, with
22 respect to its officers and employees assigned to duty stations
23 outside the several States of the United States of America,
24 excluding Alaska and Hawaii, but including the District of

Sec. 4

*Home leave
travel, education
discretionary*

1 Columbia, shall—" and substitute therefor, "Under such
2 regulations as the Director may prescribe, the Agency, with
3 respect to its officers and employees assigned abroad to duty
4 stations outside the several States of the United States of
5 America, excluding Alaska and Hawaii, but including the
6 District of Columbia, may—".

7 " (1) (G) Pay the travel expenses of officers and em-
8 ployees of the Agency and members of their families, while
9 serving at posts specifically designated by the Director for
10 purposes of this paragraph, for rest and recuperation to other
11 locations abroad having different environmental conditions
12 than those at the post at which such officers and employees
13 are serving, provided that such travel expenses shall be
14 limited to the cost for each officer or employee and members
15 of his family of one round trip during any continuous two-
16 year tour unbroken by home leave and two round trips
17 during any continuous three-year tour unbroken by home
18 leave;

19 " (1) (H) Pay the travel expenses of members of the
20 family accompanying, preceding, or following an officer or
21 employee if, while he is enroute to his post of assignment, he
22 is ordered temporarily for orientation and training or is
23 given other temporary duty."

24 " (8) Provide appropriate orientation and language

*new boss
order
not
spe. auth*

*primarily
for lower
lateral transfers*

new
1 training to members of family of officers and employees of
2 the Agency in anticipation of the assignment abroad of
3 such officers and employees, or while abroad."

4 (4) Amend section 4 (3) (A) to read as follows:

5 "(3) (A) Order to any of the several States of the
6 United States of America (including the District of Colum-
7 bia, the Commonwealth of Puerto Rico, and any territory
8 or possession of the United States) on leave of absence
9 authorized in section 203 (f) of the Annual and Sick Leave
10 Act of 1951, as amended, each officer or employee of the
11 Agency who was a resident of the United States (as de-
12 scribed above) at the time of employment, upon completion
13 of three years' continuous service abroad or as soon as pos-
14 sible thereafter and may so order after completion of eight-
15 een months such service without regard to the limitation
16 contained in section 203 (f) of the Annual and Sick Leave
17 Act of 1951, as amended."

18 (5) Amend section 4 (5) by striking out subsections
19 (A) and (C) and inserting in lieu thereof the following
20 new paragraphs (A) and (C) :

21 "(A) In the event an officer or employee of the Agency
22 or one of his dependents, requires medical care, for illness or
23 injury not the result of vicious habits, intemperance, or mis-
24 conduct, while on assignment abroad in a locality where there
25 is no qualified person or facility to provide such care, pay

1 the travel expenses of such officer, employee, or dependent
2 by whatever means deemed appropriate by the Agency, in-
3 cluding the furnishing of transportation, and without regard
4 to the Standardized Government Travel Regulations and sec-
5 tion 10 of the Act of March 3, 1933, as amended (60 Stat.
6 808; 5 U.S.C. 73b), to the nearest locality where suitable
7 medical care can be obtained and on his recovery pay for
8 the travel expenses of his return to his post of duty. If any
9 such person is too ill to travel unattended, or in the case of
10 a dependent too young to travel alone, the Agency may also
11 pay the round-trip travel expenses of an attendant or
12 attendants;”.

13 “(C) (i) In the event of illness or injury requiring
14 hospitalization or similar treatment incurred by an officer or
15 employee of the Agency who is assigned abroad, not the
16 result of vicious habits, intemperance, or misconduct on his
17 part, pay for the cost of treatment of such illness or injury;

18 “(ii) In the event a dependent of an officer or em-
19 ployee of the Agency who is assigned abroad, incurs an ill-
20 ness or injury while such dependent is located abroad, which
21 requires hospitalization or similar treatment, and which is
22 not the result of vicious habits, intemperance, or misconduct
23 on his part, pay for that portion of the cost of treatment of
24 each such illness or injury that exceeds \$35 up to a maximum

1 each such illness or injury, except that such maximum limita-
2 tion shall not apply whenever the Agency, on the basis of
3 professional medical advice, shall determine that such illness
4 or injury clearly is caused by the fact that such dependent
5 is or has been located abroad;”.

6 (6) In section 5, add the following new paragraphs (g)
7 and (h) :

8 “(g) Upon the termination of the assignment of an
9 employee appointed from another Government agency with-
10 out a break in service for duty with the Agency for a
11 specific period of time agreed upon by both agencies, such
12 person will be entitled to reemployment in such other Gov-
13 ernment agency in the position occupied at the time of
14 assignment, or in a position of comparable salary, or, at the
15 volition of the other Government agency, to a position of
16 higher salary. Upon reemployment, the employee shall
17 receive the within-grade salary advancements and other
18 salary adjustments he would have been entitled to receive
19 had he remained in the position in which he was employed
20 prior to assignment to the Agency.

21 “(h) Settle and pay, whenever the Director determines
22 that payment will further the purposes of this Act, without
23 regard to any other provisions of law and under such regula-

24 tions as the Director may determine, any claim against the United States for
25 exceeding \$10,000, any claim against the United States for

7

1 loss of or damage to real or personal property (including loss
2 of occupancy or use thereof), belonging to, or for personal
3 injury or death of, any person not a citizen or resident of the
4 United States, where such claim arises abroad out of the act
5 or omission of any Agency employee or out of the act or
6 omission of any person acting on behalf of the Agency but
7 only if such claim is presented in writing to the Agency
8 activity involved within one year after it accrues."

9 (7) Renumber section 7 to read section 8. Renumber
10 section 8 to read section 9, APPROPRIATIONS. Renumber
11 section 9 to read section 10, SEPARABILITY OF PROVISIONS.

1 Renumber section 10 to read section 11, SHORT TITLE. Add
2 a new section 7 as follows:

3 “7. (a) For the benefit of or for use in connection with
4 the Agency or for the benefit or welfare of employees of
5 the Agency or their dependents, the Director is authorized,
6 notwithstanding any other provisions of law—

7 “(1) to receive gifts to the Agency and in his dis-
8 cretion to accept, receive, hold, administer, and expend
9 or dispose of such gifts and bequests of property from
10 individuals or others;

11 “(2) to disburse gifts, bequests of money, interest,
12 profits, income, or proceeds from sales of other property
13 received as gifts in accordance with the terms and con-
14 ditions of the acceptance of any particular gift or
15 bequest;

16 “(3) to invest, reinvest or retain investments of
17 the money, property or securities and the interest,
18 profits, or proceeds accruing from such money, property
19 or securities;

20 *Provided, however,* That the Director is not authorized, as a
21 consequence of gifts or bequests of money, property, or
22 securities to the Agency, to engage in any business or to
23 exercise any voting privilege which may be incidental to
24 securities in his hands received as a gift to the Agency, nor

1 shall the Director make any investments other than securities
2 of the United States or other securities guaranteed as to
3 principal and interest by the United States, except that he
4 may make any investments directly authorized by the instru-
5 ment of gift, and may retain any investments accepted by
6 him; *Provided further*, That gifts, bequests of money, or
7 proceeds from other property are not utilized for the conduct
8 of activities by the Agency, as authorized in 50 U.S.C.
9 403 (d) et seq. through the augmentation or in lieu of
10 appropriations by the United States Congress; *And provided*
11 *further*, That the funds represented by the gifts, bequests
12 of money, or proceeds from other property are not com-
13 mingled with funds appropriated by the United States
14 Congress.

15 “(b) For the purpose of Federal income, estate, and
16 gift taxes, gifts and bequests accepted by the Director shall
17 be deemed to be a gift or bequest to or for the use of the
18 United States.”

10

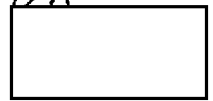
1 SEC. 3. Section 102(b) of the Federal Employees Pay Act
2 of 1945, as amended (5 U.S.C. § 902(b)) (relating to exemption.
3 from coverage under the Act), is amended by striking out "and"
4 immediately preceeding "(7)" therein and by inserting before the
5 period at the end thereof"; and (8) officers and employees of the
6 Central Intelligence Agency".

*1945 act
40 hr and 7 amendments*

Grants CIA exemption

*DDIS function
on exemption
CIA from 1945*

*act
check in*



STAT

ADMINISTRATIVE - INTERNAL USE ONLY

Legislative Proposals

STAT bill. [] has already drafted bill. Personnel items included are: *and Service Personnel Act of 1957 title 5 USC*

- []
- a. Clarification of "abroad" to include Alaska and Hawaii.
 - b. Authority to pay travel expenses for R&R leave.
 - c. Authority to pay dependents' travel expenses of employee diverted for TDY en route to PCS post.
 - d. Authority to provide language training and orientation for dependents.
 - e. Authority to authorize home leave after 18 months of service abroad.
 - f. Clarify authority for overseas' dependents medical benefits.
 - g. Provide statutory reemployment rights in former agencies to employees transferred to CIA from other agencies.
 - h. Authority for Agency to accept gifts or bequests to be used for benefit or welfare of employees and dependents.

claim
STAT 2. Exemption for the Agency from the overtime provisions of the Federal Employees Pay Act of 1945, as amended. This is also included in bill already drafted []

3. "Daniels bill" annuity increase provision for CIA Retirement Act retirees. This bill has already been introduced. *in*

4. Removal of \$50 limitation on consultant fees. This proposal has already been submitted to Congress. May be handled as a part of item 3 above. *in*

5. Restoration of special "Foreign Service Retirement" provisions removed from CIA Retirement Act during Senate consideration:

a. Reemployment compensation: permits reemployed annuitant to accept annuity and salary up to amount of salary at time of retirement. *Seh... with* [] *rep. d/*

b. Survivor annuity to widow of disability retiree based on his actual rather than his earned annuity.

STAT

ADMINISTRATIVE - INTERNAL USE ONLY

ADMINISTRATIVE - INTERNAL USE ONLY

c. Survivor annuity in death in service case based on guaranteed minimum formula for disability retirement rather than earned annuity of deceased.

ILLEGIB

d. Retention of survivor annuity by widow following re-marriage.

6. Additional amendments to CIA Retirement Act.

a. Exemption from Uniform Retirement Date act to permit setting dates the same as under Civil Service retirement.

b. Authority for transfer of employer contributions as well as employee contributions from Civil Service Retirement Fund to CIA Retirement Fund; authority for direct transfer of employee and employer contributions from CIA Fund to CSR Fund.

c. Authority to treat contributions for "excess service" (beyond period establishing maximum annuity) as "voluntary contributions" and basis of supplemental annuity.

ADMINISTRATIVE - INTERNAL USE ONLY

STAT

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

Next 2 Page(s) In Document Exempt

Approved For Release 2002/08/15 : CIA-RDP84-00780R000800040002-0

PROPOSED AMENDMENTS TO THE
CENTRAL INTELLIGENCE AGENCY RETIREMENT ACT OF 1964 FOR CERTAIN EMPLOYEES

1. Reemployment Compensation

a. Proposed Amendment

Amend section 273(a) to read as follows: "Notwithstanding any other provision of law, any annuitant who has retired under this Act and who is reemployed in the Federal Government service in any appointive position either on a part-time or full-time basis shall be entitled to receive the salary of the position in which he is serving plus so much of his annuity payable under this Act which when combined with such salary does not exceed during any calendar year the basic salary such officer or employee was entitled to receive on the date of his retirement from the Agency. Any such reemployed officer or employee who receives salary during any calendar year in excess of the maximum amount which he may be entitled to receive under this paragraph shall be entitled to such salary in lieu of benefits hereunder."

Renumber section 273(b) as 273(c) and add a new section 273(b) as follows: When any such annuitant is reemployed, he shall notify the Director of Central Intelligence of such reemployment and shall provide all pertinent information relating thereto.

b. Sectional Analysis

This provision will permit an annuitant retired under the Central Intelligence Agency Retirement Act of 1964 for Certain Employees to receive his full salary upon reemployment in the federal government service subject to a maximum limitation of combined salary and annuity in the amount of his salary at the time of retirement. This provision further imposes on the

annuitant the requirement to notify the Director of Central Intelligence of such reemployment.

c. Justification and Explanation

This provision relates to one of the basic problems of CIA for which it sought relief in the Central Intelligence Agency Retirement Act of 1964 for Certain Employees. It is imperative that CIA hold down the average age of the group of employees covered by the Act and the retirement program established thereunder permits voluntary retirement at a relatively early age. These retirees, however, with few exceptions will need to seek a second career and toward this end the Agency should not add to the impediments to such a career elsewhere in government. CIA employees do not acquire status in the competitive service and much of their experience and competence cannot readily be related to normal government positions. It is more probable, therefore, that the retired CIA employee will only be able to qualify initially for employment in the competitive service several grades below his terminal CIA position. Only if he can retain at least a portion of his annuity will he be able to remain in government service without a drastic lowering of his standard of living. The total offset of annuity upon reemployment in government service, as required by the present Act, will tend to limit second career employment opportunities for CIA retirees to the private sector. It will thus tend to deny to the Government the services of some highly competent people even though they have completed their CIA careers.

Retirees under the CIA Retirement and Disability System have earned their annuities at the time when they retire. This principle appears to have been established for the Reserve military officer and, more recently, the retired regular military officer, and for the retired Foreign Service Officer.

With respect to retired military officers, a reservist can retain both his civilian salary and his entire annuity, and a regular officer can retain his civilian salary and his entire annuity and a regular officer can retain his salary plus the first \$2,000 of his annuity and 50% of the balance thereof.

d. Cost

It is not anticipated that this proposed amendment will result in any additional costs to the United States Government. Rather, it should result in an overall savings by making available to other departments and agencies the ^{services} ~~results~~ of highly competent personnel who will be willing to serve at relatively low grades. In addition, to the extent that the combined salary and ^{annuity} ~~annuity~~ of CIA retirees reemployed under this provision exceed their last salary level prior to retirement, there will be savings to the CIA Retirement Fund through payment of reduced annuities to these individuals.

2. Transfer of Contributions

a. Proposed Amendment

Amend section 252(c)(1) to read (new language underscored): "If an officer or employee under some other Government retirement system becomes a participant in the system by direct transfer, the Government's contributions to such fund on behalf of the officer or employee and such officer or employee's total contributions and deposits, including interest accrued thereon, except voluntary contributions, shall be transferred to the fund effective as of the date such officer or employee becomes a participant in the system. Each such officer or employee shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the other Government retirement fund on account of service

rendered prior to becoming a participant in the system."

Reamner sections 252(c)(2) and (3) to become (3) and (4) and add the following new section 252(c)(2): "If a participant in the system becomes eligible for membership in some other Government retirement system by direct transfer to employment covered by such system, the Government's contributions to the fund on his behalf and his total contributions and deposits, including interest accrued thereon, except voluntary contributions, may be transferred to such other fund at the request of the officer or employee effective as of the date he becomes a participant in such other retirement system. Each such officer or employee in requesting such transfer shall be deemed to consent to the transfer of such funds and such transfer shall be a complete discharge and acquittance of all claims and demands against the fund on account of service rendered prior to his becoming eligible for participation in such other system."

b. Sectional Analysis

This change permits the transfer of the Government's contributions as well as the contributions of the employee when an employee is transferred from some other Government retirement system to the CIA Retirement and Disability System. In addition, it authorizes the transfer of the employee's and the Government's contributions to the CIA Retirement and Disability System whenever a participant becomes eligible for participation in any other Government retirement system.

c. Justification and Explanation

This change permits the transfer of both the employer and employee contributions to the Government retirement fund from which the employee will receive his retirement benefits. At present, there is provision for the transfer of the employee's contributions from some other Government retirement

fund to the CIA fund, but there is no provision for transfer of the contributions made by the Government to such fund on the employee's behalf.

Further, there is at present no provision for the transfer of an employee's contributions from the CIA retirement fund to some other Government retirement fund in the event he changes employment. The result is that if an employee wishes to obtain credit for his CIA service under such other system, he must obtain a refund of his contributions and any interest applicable thereto, pay tax on such interest, and then re-purchase service credit on the basis of his contributions plus the applicable interest rate under the retirement system which he has entered. This is inequitable to the employee. In addition, it denies to the new retirement system the benefit of the Government's contributions toward the retirement benefits ultimately to be granted to the employee. The proposed change would correct the inequity to the employee and make it possible for the Government's contributions toward his retirement to be credited to the Government retirement fund from which his retirement benefits will ultimately be paid.

d. Cost

Since the proposed change involves only transfers among Government retirement funds, no increased cost is anticipated. In fact, to the extent that employees transfer among systems, the cost to the Government of paying retirement benefits under one fund on behalf of an employee who may have been covered under other funds will be credited to the fund under which he ultimately receives benefits. In long-range terms, this may reduce the requirement for appropriations to the fund under which he ultimately retires.

3. Effective Dates of Annuities

a. Proposed Amendment

Amend section 221 by adding a new paragraph (g) as follows: Except as otherwise provided, the annuity of a participant shall commence on the day after separation from the service, or on the day after salary ceases and the participant meets the service and the age or disability requirements for title thereto. The annuity of a participant under section 234 shall commence on the day after the occurrence of the event on which payment thereof is based. An annuity otherwise payable from the fund allowed on or after date of enactment of this provision shall commence on the day after the occurrence of the event on which payment thereof is based.

b. Sectional Analysis

This change authorized the payment of annuities from the fund as soon as a participant otherwise eligible for an annuity enters non-pay status. The language is comparable to that of section 14(b) of the Civil Service Retirement Act.

c. Justification and Explanation

Under the present CIA Retirement and Disability System, an annuitant who is fully qualified to retire and receive an immediate annuity must wait until the beginning of the month following his date of separation from the service to be eligible for such annuity. This rule works a hardship on employees who are eligible to retire and who desire to retire earlier than the last day of the month.

In addition, in an Agency such as CIA when employees may be members of two separate retirement systems, a difference in so simple a matter as the beginning of the annuity is confusing to the employee. The proposed change would conform the CIA Retirement System to the Civil Service Retirement

System with respect to the beginning date of the annuity.

d. Cost

No additional costs to the Government are anticipated as a result of enactment of this change.

Proposed Amendment to the
Federal Employees Pay Act of 1945, As Amended

a. Proposed Amendment

Section 102(b) of the Federal Employees Pay Act of 1945, as amended (5 U.S.C. §902b) (relating to exemption from coverage under the Act), is amended by striking out "and" immediately preceding "(7)" therein and by inserting before the period at the end thereof "; and (8) officers and employees of the Central Intelligence Agency."

b. Sectional Analysis

This change amends the Federal Employees Pay Act of 1945, as amended (5 U.S.C. §902(b)) to include the officers and employees of the Central Intelligence Agency among those already excluded from the provisions of that Act.

c. Justification and Explanation

Since 1949 (?), the Civil Service Commission has exempted officers and employees from the coverage of the regulations promulgated by the Commission for the administration of the Federal Employees Act of 1945, as amended. Such exemption is currently stated in Chapter _____ of the Federal Personnel Manual in paragraph _____.

^{authority}
This exclusion of Agency personnel from the Pay Act recognizes the pay-fixing granted to the Director of Central Intelligence in section 8(a) of the Central Intelligence Agency Act, as amended (50 U.S.C. 403j7), and through specific exemption of the Agency's positions from the provisions of the Classification Act of 1949, as amended (5 U.S.C. _____). It has thus been recognized that the Agency's unique conditions do not permit a salary administration program conforming in all respects to the specific principles and standards established in the two basic statutes governing salary administration in the classified civil service.

The Agency has developed a salary administration program which adheres closely to the principles and standards of the Classification Act regarding the classification of positions, establishment of entry salary rates, and the grant of merit and quality step increases and conforms generally to the principles and standards of the Pay Act regarding premium pay and hours of work. However, it has been necessary for the Agency to deviate somewhat from the specific practices required by these Acts to accommodate peculiar problems inherent in its mission and function. The proposed amendment clarifies the authority of the Director of Central Intelligence to do so by specifying the exclusion of its officers and employees from the provisions of the Pay Act as has already been stated in the Classification Act.

d. Cost

This amendment contemplates no change in present Agency practice with respect to the pay administration matters governed by the Federal Employees Pay Act of 1945, as amended. Therefore, there should be no increased cost to the government as a result of its enactment.

**Proposed Amendment to the
Central Intelligence Agency Act of 1949, as amended**

a. Proposed Amendment

Add to section 2(3) of the draft of amendments to the Central Intelligence Agency Act of 1949, as amended, to delete the "and" before "(8)" in line 19 and add before the comma thereafter ", and (9)."

Add following the draft of paragraph (8), a new paragraph (9) as follows: "Encourage students to pursue courses of study at the undergraduate or graduate level in subject matter fields pertinent to the Agency's work by payment of the tuition and related expenses of such students, provided however that such payments shall not be authorized only when the Director determines that the number of students pursuing such courses of study is insufficient to meet current or future needs for employees in such fields of study, and further that any student receiving such financial assistance from the Agency shall be obligated to serve in the Agency for stipulated periods following completion of his courses of study unless such obligation is waived by the Director or to refund the amounts paid by the Agency for his tuition and related expenses."

b. Sectional Analysis

This amendment authorized the Director of Central Intelligence to pay tuition and related expenses for students at the undergraduate or graduate levels who pursue courses in subject matter fields pertinent to the Agency's work whenever the Director determines such payments are necessary to produce a sufficient number of qualified personnel in such fields of study to meet the Agency's current or future needs. This provision further imposes an

obligation on students receiving such payments to serve in the Agency for minimum stipulated periods of time, unless such obligation is waived by the Director, or to refund the tuition and related expenses paid by the Agency.

c. Justification and Explanation

The Agency currently faces a recruitment shortage in certain highly specialized fields and foresees additional shortages in these and other fields in the future. Such shortages result from student enrollments at rates lower than needed to meet projected nation-wide requirements for competence in these fields. Competition among government agencies, private industry and the academic community to fill their requirements from an inadequate output of graduates in these fields will lead only to salary inflation and constant movement from one employer to another. The solution lies not in attempting to outbid other employers but in providing incentives to promising students to pursue courses of study which will provide a larger supply of competence.

At present, the two categories of greatest concern are in the fields of photogrammetry and photo interpretation and of Chinese area studies. Efforts are being instituted to encourage greater enrollments in these fields and to establish cooperative work-study programs which will increase the number of students entering government service.

The Agency has authority under the Government Employees Training Act to pay tuition and other expenses of government employees pursuing appropriate courses of study. The authority sought in this amendment would permit the Agency to pay such costs for individuals who are not employees of the government.

d. Cost

It is anticipated that the annual cost for this program during its first five years of operation would be some \$90,000, permitting assistance in the amount of \$1500 to 60 students. Based on present forecasts, ^{at} these 35 students would be studying photogrammetry and photo interpretation at the undergraduate level and 15 at the graduate level. The remaining 10 would be working Chinese area studies and various other fields.